



National Contact Point for Responsible
Business Conduct
Sweden

FINAL

Social Justice Center – Evolution AB

Date (21/1/2025)

The objective of the initial assessment process under the Procedural Guidance is to determine whether the issues raised in the specific instance merit further examination. If so, the NCP will offer or facilitate access to consensual and non-adversarial procedures, such as dialogue, mediation or conciliation (e.g. ‘good offices’) to the relevant parties. As specific instances are not legal cases and NCPs are not judicial bodies, NCPs cannot impose sanctions, directly provide compensation nor compel parties to participate in a conciliation or mediation process.

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Overview of the NCP and its role

The OECD Guidelines for Multinational Enterprises on Responsible Business Conduct are the leading international standard for how companies and investors should address their impacts on people, the planet and society. They apply to businesses and investors of all sectors, sizes and ownership structures, and cover all key sustainability issues – from climate change to technology, from anti-corruption to human rights and labour standards. As of 8 June 2023, all OECD Members are Adherents, as well as Argentina, Brazil, Bulgaria, Croatia, Egypt, Jordan, Kazakhstan, Morocco, Peru, Romania, Tunisia, Ukraine and Uruguay. The European Community has been invited to associate itself with the section on National Treatment on matters falling within its competence.

The *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct* are recommendations addressed by governments to multinational enterprises. They aim to encourage positive contributions enterprises can make to economic, environmental and social progress, and to minimise adverse impacts on matters covered by the Guidelines that may be associated with an enterprise’s operations, products and services. The Guidelines cover all key areas of business responsibility, including human rights, labour rights, environment, bribery,

consumer interests, disclosure, science and technology, competition, and taxation. The 2023 edition of the Guidelines provides updated recommendations for responsible business conduct across key areas, such as climate change, biodiversity, technology, business integrity and supply chain due diligence, as well as updated implementation procedures for the National Contact Points for Responsible Business Conduct.

The National Contact Points (NCP) for Responsible Business Conduct have a dual mandate, to raise awareness and promote observance of the Guidelines, as well as to contribute to the resolution of issues that arise relating to the implementation of the OECD Guidelines. The NCP contributes to the resolution by e.g. offering good offices, and where applicable, issuing determinations, recommendations, and carrying out follow up.

To support implementation in specific instances, paragraph C-1 of the Guidelines notes:

“The National Contact Point will contribute to the resolution of issues that arise relating to implementation of the Guidelines in specific instances in a manner that is impartial, predictable, equitable and compatible with the principles and standards of the Guidelines. The NCP will offer a forum for discussion and assist the business community, worker organisations, other non-governmental organisations, and other interested parties concerned to deal with the issues raised in an efficient and timely manner and in accordance with applicable law. In providing this assistance, the NCP will:

1. *Make an initial assessment of whether the issues raised merit further examination and respond to the parties involved.”*

Source: OECD (2011), OECD Guidelines for Multinational Enterprises

Executive Summary

The complaint was received August 19th 2024 and submitted by Social Justice Center (SJC). SJC is a non-governmental organisation based in Tbilisi, Georgia. SJC was authorized by the trade union Evo-Union to submit complaint on their behalf. The complaint regards Evolution AB.

The issues raised in the complaint, relates to Chapter V. *Employment and Industrial Relations*:

- 4 b) “When multinational enterprises operate in other countries, wages, benefits and conditions of work offered across their operations should not be less favourable to the workers than those offered by comparable employers in the host country. (...)”,
- 4 c) “Maintain the highest standards of safety and health at work”, and,
- 7 “In the context of bona fide negotiations with workers’ representatives on conditions of employment, or while workers are exercising a right to organise, not threaten to transfer the whole or part of an operating unit from the country concerned nor transfer workers from the enterprises’ component entities in other countries in order to influence unfairly those negotiations or to hinder the exercise of a right to organize or bargain collectively.”.

Coordination with any other NCP has not been regarded as relevant. The draft initial assessment was shared with the parties, 17th December 2024 and they were given until the 10 January to respond.

This initial assessment process seeks to determine whether the issues raised in the specific instance merit further examination.

The decision is based on an initial assessment of the information submitted and does not represent a conclusion as to whether the enterprise observed the Guidelines or not.

Substance of the submission (circumstances presented) and the enterprise's response

Social Justice Center raised issues within the online streaming services, regarding employees of the Company Evolution Georgia. The referral targets Evolution AB with respect to its Georgian subsidiary Evolution Georgia activities in Tbilisi. The complainant refers the issues raised to chapter Chapter V. *Employment and Industrial Relations*, in the Guidelines, particularly to paragraphs 4 b) and c) as well as to paragraph 7.

The complainant refers to actions allegedly taken by Evolution Georgia targeted towards union members and employees. As of 19th July 2024 a number of employees of the Company is on strike. The strikers are protesting against low pay, unhealthy and unsafe working environment and working conditions, violation of sanitary and hygiene norms in the workplace, derogatory treatment of employees and other problems related to the working conditions in the company. Before the employees went on strike, the mediation process took place between the parties, with the involvement of a mediator appointed by the Ministry of Labour, Health and Social Protection of Georgia. However, the mediation did not result in any positive outcome and it was not possible to reach an agreement between the parties.

The complainant expects to pressure the company to genuinely consider the concerns of its employees and to change the practice of labour rights violation. The complainant has asked the Swedish NCP to cooperate to offer its good offices in mediation in order to seek dialogue.

Evolution AB informed the NCP that there have been regular meetings and negotiations held with the Evo-Union (the "Union") discussing various demands and addressing questions and concerns raised by employees. As the negotiations did not reach a, from both parties accepted, solution the Union initiated a strike procedure during which a government appointed mediator was assigned on June 4, 2024. After having concluded a 21-day period of new negotiations (mediation period), no agreement had been reached and the Union declared its intention to initiate a strike.

With reference to the issues raised in Chapter V. *Employment and Industrial Relations*, in the Guidelines, Evolution has provided information that "bona fide", i.e. real or authentic, supports that:

- 4 b) there is a competitive remuneration package,
- 4 c) health and safety of the employees is the highest priority of the company,
- 7) the company supports the employees' rights to organise.

ILO Georgia was invited to the Swedish NCP, to give a general presentation of the labour circumstances prevailing in the country, including the labour market development and capacity and resources provided by the Labour Inspection Agency (fully fledged).

The proceedings of the NCP to date

Since receipt of the submission, the NCP has carried out the following actions:

Date	Action that occurred
19.08.2024	<i>Submission received</i>
20.08.2024	<i>NCP confirmed the receipt of the submission</i>
22.08.2024	<i>NCP contacted Evolution with the request for a contact person at Evolution</i>

28.08.2024	<i>Reminder sent to Evolution with regards to a contact person</i>
28.08.2024	<i>Evolution provided a name and contact details for the contact person</i>
29.08.2024	<i>Evolution was notified of the complaint by NCP</i>
20.09.2024	<i>Evolution responded to the submission</i>
25.09.2024	<i>NCP secretariat informed members of the NCP of the specific instance. NCP decided that an initial assessment was to be developed.</i>
17.10.2024	<i>Meeting with Evolution to explain NCP process and let the enterprise to add details to the file</i>
18.10.2024	<i>Meeting with Social Justice Center to explain NCP process and let the submitter to add details to the file</i>
25.10.2024	<i>Meeting with NCP, with the participation of Evolution</i>
28.10.2024	<i>Meeting with NCP, with the participation of Social Justice Center</i>
06.11.2024	<i>Draft initial assessment shared with the NCP</i>
04.12.2024	<i>NCP provided comments received on the draft initial assessment</i>
17.12.2024	<i>Draft initial assessment shared with the parties</i>
09.01.2025	<i>Evolution provided comments received on the draft initial assessment</i>
11.01.2025	<i>Social Justice Center provided some further background information to the case, but did not provide any further comments on the draft initial assessment</i>
17.01.2025	<i>Evolution provided further comments on the draft initial assessment</i>
21.01.2025	<i>NCP decided on the final draft of the initial assessment</i>
22.01.2025	<i>The initial assessment finalized (and good offices will be offered)</i>

Indicative timeline of 3 months was extended due to information gathering, including reaching out to ILO Georgia.

All documents submitted were shared with the parties.

The parties did not reach an agreement before the initial assessment was finalized.

Due to the risk of impartiality, with a member having a potential conflict of interest, that member refrained from participating in the discussion of this specific instance, throughout the process.

Initial assessment by the NCP

The NCP has decided to accept the submission. This decision has been taken following an assessment by the NCP as to whether the issues raised are i) “bona fide”, i.e. real or authentic and ii) relevant to the implement of the Guidelines, i.e. within the scope of the Guidelines. To achieve this, the NCP took into account the following six criteria:

What is the identity of the party concerned (e.g. submitter(s)) and its interest in the matter?

SJC is a well-known actor in the field of labour rights. The organisation has received contributions from several agencies, amongst those the Swedish International Development Agency (Sida) and the European Union.

Are the issues raised material and substantiated?

The NCP interprets ‘material and substantiated’ to mean that, based on the information submitted, the issues raised are plausible and related to the application of the OECD Guidelines. The submission is material in the sense that it refers to alleged breaches of specific provisions of Chapter V. *Employment and Industrial Relations* of the OECD Guidelines. The submitting party has substantiated its submission by providing the necessary information for the NCP to consider the issues raised.

Is there a link between the activities of the enterprise(s) and the issues raised?

NCP notes that the enterprise is linked to the issues raised. The company has communicated the number of employees in Georgia.

What is the relevance of applicable law and procedures, including court rulings?

There has been a process of mediation in accordance with national legislation in Georgia. The mediation did not reach any results. There might be an ongoing dialogue with trade unions in Georgia. The actions taken by the NCP does not expect to influence such parallel processes in a negative manner.

How similar issues have been, or are being, treated in other domestic or international proceedings?

The NCP notes that there are no ongoing or past parallel proceedings.

Would considering this submission contribute to the purposes and effectiveness of the Guidelines’?

This initial assessment would contribute to an increased awareness of the Guidelines, as well as to contribute to a discussion on what to expect from the initial assessment and also facilitate a dialogue between the parties.

Conclusion

The Swedish NCP concludes that this submission merits further consideration on the basis of the criteria in para 25 of the commentary on the procedural guidance. The conclusion is based on information received from both parties. The Swedish NCP does not express an opinion on the correctness of the statements. Neither does the NCP express an opinion on the validity of the documentation provided by the parties.

Next steps

The Swedish NCP accepts this case as lead NCP for further examination and offers its good offices to the parties. The NCP will contact them about the next step.